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SIPDIS  
SENSITIVE  
STATE FOR AF/E  
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NAIROBI FOR FCS  
ADDIS ABABA FOR REO  
DOC FOR BERKUL  
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ROME FOR AFRICA WATCHER

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SUBJECT: DJIBOUTI: MARCH ECON-ESTH ROUNDUP

REF: 09 DJIBOUTI 93

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¶1. (U) This March 2009 Djibouti Economic-ESTH roundup includes:

- Djiboutian President Guelleh visits U.S.-led salt mining project at Lac Assal
- Progress underway on Djiboutis new Commercial Code
- France and Djibouti sign investment risk convention
- France approves USD 30 million in loans to Djibouti Telecom
- Djibouti hosts regional environmental conference

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PRESIDENTIAL VISIT MARKS PROGRESS  
FOR U.S.-LED SALT INVESTMENT PROJECT  
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¶2. (SBU) President Guelleh traveled to Djiboutis Lac Assal salt lake March 1 to view progress on an American-led salt mining project. The Overseas Private Investment Corporation (OPIC)-supported U.S. investment fund Emerging Capital Partners holds a majority stake in the salt mining project, led locally by Salt Investment, Inc. (reftel). The project represents the largest private U.S. investment in Djibouti. Salt Investment plans to harvest salt, using environmentally conscious renewable methods, from an 11,000 hectare area of the salt lake. President Guelleh also visited the site of a future industrial port at the adjacent Bay of Ghoubet; Salt Investment plans to ship salt directly from this port to markets in the Middle East and Asia. Other planned secondary installations include housing, health, and leisure infrastructure for Salt Investment employees; the investors project initial creation of 150-200 local jobs.

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NEW COMMERCIAL CODE IN THE WORKS  
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¶3. (U) The GODJ held a national validation workshop for the new Commercial Code March 17-19. The workshop brought together civil society representatives, the legal community, the Chamber of Commerce, Justice Ministry personnel, and officials from other GODJ ministries to discuss the new code.

The new Commercial Code is the product of seven years of research by a committee dedicated to modernizing the previous statutes. The new code, which included input from international experts, is aimed at increasing the security of commercial transactions. It is directed both toward national activities, and foreign direct investment projects. According to the Minister of Commerce, the new code was designed to harmonize Djiboutis legal regime with international standards, while adapting to local needs.

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FRANCO-DJIBOUTIAN INVESTMENT RISK CONVENTION  
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¶4. (U) On March 18, the private Bank for Commerce and Industry (BCI), and the French Agency for Development (AFD) signed a convention on sharing the risks for investments made by the private sector in Djibouti. The signature of this agreement, the first of its kind, establishes the framework for BCI to create an AFD-backed finance mechanism for the private sector. The agreement is intended to encourage further foreign direct investment in Djibouti.

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FRANCE APPROVES USD 30 MILLION IN  
LOANS TO DJIBOUTI TELECOM  
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¶5. (U) On March 2, Mr. Yves Budot, Director of the French  
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Agency for Development (AFD), and Mr. Abdourahman Mohamed, Director General of Djibouti Telecom, signed a USD 30 million loan agreement. The loans will enable Djibouti Telecom, the monopoly telecom parastatal, to fund its participation in the international consortium created to build the Europe-India-Gateway (EIG) submarine cable. The EIG is expected to boost telecommunications performance and capacity in Djibouti. The EIG will also be connected to the EASSY cable linking Djibouti to South Africa. Improving telecommunications capabilities is part of the GODJs strategy to cement Djiboutis status as a regional transport and services hub.

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DJIBOUTI HOSTS REGIONAL ENVIRONMENTAL CONFERENCE  
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¶6. (U) From March 3-5, Djibouti hosted the PERSGA Council of Ministers for the first time. PERSGA, the Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden, is an intergovernmental body dedicated to the conservation of the coastal and marine environments of the Red Sea, the Gulf of Aqaba, the Gulf of Suez, the Suez Canal, and the Gulf of Aden surrounding the Socotra Archipelago and nearby waters. PERSGAs activities are legally based on the 1982 Jeddah Convention. Its members include Djibouti, Egypt, Jordan, Saudi Arabia, Somalia, Sudan and Yemen. The twelfth Council of Ministers closed with the adoption of the Djibouti Declaration, which reaffirmed member states strong commitment to the Jeddah convention, registered concern about the negative impact of climate change on ecosystems, biodiversity, and human populations, and committed member states to undertake appropriate measures to monitor and mitigate these effects.

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